

REGULAR DEFENCE FORCE WELFARE ASSOCIATION INC NATIONAL OFFICE

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RDFWA

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The General Manager
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The Treasury
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SUBMISSION ON *A PLAN FOR SIMPLER SUPER*

The Regular Defence Force Welfare Association (RDFWA) wishes to make the following submission in relation to the proposed *A Plan for Simpler Super* outlined in the Federal Budget in May 2006.

At the outset the RDFWA commends the Government on *A Plan for Simpler Super*: it contains many beneficial proposals. However, it is our strongly held view that the special nature of service in the Australian Defence Force (ADF) warrants certain important amendments.

Military superannuation schemes past and current have been specially designed to recognise the time honoured and unique aspects of service in the ADF. This recognition still remains relevant. Any changes to Government policy that impact upon the benefits from these schemes to past, current and future members of the ADF should neither diminish this recognition and consequent design nor should they be formulated or implemented without proper consideration of the unique ADF requirements.

Past and current Military superannuation schemes, in their retirement, death and reversionary provisions, recognise and accommodate such aspects of ADF service as the following:

- The compulsory termination of ADF full-time service on grounds of age. For most ADF members, separation is compulsory at age 55 yrs.
- The risk of compulsory termination of ADF full-time service on grounds of medical disability at any age.
- The inherent risks and consequences to ADF members and their families associated with the obligation to serve wherever and whenever required.

Membership of designated Military superannuation schemes is compulsory and member contributions are compulsory within defined limits. Consequently, changes to ‘Superannuation Rules’ such as those proposed in the May 2006 Budget – *A Plan for Simpler Super* – while perhaps appropriate to the wider Australian community contain several inappropriate provisions and attendant adverse consequences for past, current and future ADF members and their families.

The proposed *A Plan for Simpler Super* age trigger of 60 years fails to acknowledge and accommodate the provision within ADF service for compulsory (and involuntary) termination of full-time service on grounds of:

- age;
- medical condition; and
- other management initiated circumstances.

The proposed *A Plan for Simpler Super* age trigger of 60 years and the proposed reversionary benefit provisions, fail to acknowledge and accommodate the circumstances associated with:

- the death of a serving ADF member;
- the subsequent death of an ADF member consequent upon compulsory termination on medical grounds, from causes associated with that termination; and
- the consequent impacts upon the entitled spouse and dependent children.

The RDFWA proposes that the intended *A Plan for Simpler Super* be amended to accommodate the unique and special circumstances associated with ADF service and more closely align with the provisions and benefits of past and current Military superannuation schemes.

Specifically, the RDFWA recommends that *A Plan for Simpler Super* announced in the May 2006 Budget be amended to incorporate the following matters in relation to any benefits flowing from Military Superannuation Schemes (MSBS, DFRDB and DFRB):

- Access to the provisions of a suitably amended *A Plan for Simpler Super* at any age less than 60 years for ADF members whose full-time service is compulsorily terminated on grounds of age, medical circumstance or other management initiated circumstance (other than those related to inadequate performance, misconduct or disciplinary outcomes).
- Access to the provisions of a suitably amended *A Plan for Simpler Super* at any age less than 60 years for the surviving spouse or dependent children of an ADF member who:
 - dies while still serving as a member of the ADF or
 - subsequently dies from causes directly related to those that occasioned a compulsory termination of service on medical grounds.

Additionally, the RDFWA asks that whatever the final provisions of *A Plan for Simpler Super*, that there be a careful analysis of the consequences of the new provisions on related DVA or Centrelink entitlements, to avoid adverse outcomes for ADF members and spouses. The RDFWA would welcome any opportunity to discuss and expand upon these proposals with you or your staff.